

Message Text

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PAGE 01 BUENOS 06140 220727Z

21

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 L-03 /021 W

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R 211118Z SEP 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 7188

LIMITED OFFICIAL USE BUENOS AIRES 6140

E.O. 11652: N/A

TAGS: EINV, AR

SUBJECT: INVESTMENT DISPUTE: PROARTEL

1. GOAR MESTRE, CUBAN NATIONAL, HAS SENT DETAILED MEMORANDUM TO EMBASSY DESCRIBING HISTORY OF BUSINESS VENTURE BETWEEN PROARTEL (A TELEVISION PRODUCTION COMPANY OWNED BY MESTRE AND HIS WIFE), AND CBS AND TIME, INC. A SUMMARY OF THE CASE IS GIVEN BELOW IN THE EVENT THAT CBS OR TIME, INC. APPROACHES THE DEPARTMENT ON THE SUBJECT.

2. ACCORDING TO MESTRE, HE SOLD 12.5 PERCENT OF THE SHARES IN PROARTEL TO TIME LIFE AND CBS IN 1962 AND BOUGHT THEM BACK IN 1972, WITH THE UNDERSTANDING THAT PAYMENT WOULD BE PREAD OVER A SEVEN-YEAR PERIOD. IN 1974 PERON GOVERNMENT SEIZED FACILITIES AND OTHER ASSETS OF PROARTEL. AS A RESULT OF THIS ACTION, MESTRE CLAIMS HE IS NOW UNABLE TO PAY TIME, INC. AND CBS THE \$1,961,000 HE STILL OWES THEM FOR THE PROARTEL SHARES. MESTRE STATES HE IS DOING EVERYTHING POSSIBLE TO DEFEND THE LEGITIMATE INTERESTS OF THE STOCK-HOLDERS OF PROARTEL BY BRINGING THE CASE TO THE ATTENTION OF THE NEW GOVERNMENT AND THROUGH LEGAL COURT PROCEEDINGS. HE CONCLUDES, HOWEVER, THAT CBS AND TIME MAY NOW WISH TO PRESENT THEIR CASE BEFORE THE PROPER ARGENTINE AUTHORITIES THROUGH U.S. DIPLOMATIC CHANNELS.

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2. COMMENT: IT IS APPARENT THAT MESTRE IS HOPING TO

USE HIS DEBT TO CBS AND TIME AS MEANS OF ENLISTING
OUR SUPPORT ON HIS BEHALF. SINCE CBS AND TIME, INC.
HAD NO EQUITY AT THE TIME PROARTEL WAS REPORTEDLY
SEIZED, EMBASSY DOUBTS THERE ARE ANY LEGITIMATE GROUNDS
TO APPROACH THE GOA ON THIS CASE.
HILL

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